

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN EXAMINATION OF THE)
APPLICATION OF THE FUEL)
ADJUSTMENT CLAUSE OF NOLIN)
RURAL ELECTRIC COOPERATIVE) CASE NO. 2006-00521
CORPORATION FROM NOVEMBER 1,)
2004 TO OCTOBER 31, 2006)

O R D E R

Pursuant to Administrative Regulation 807 KAR 5:056, the Commission, on December 18, 2006, established this case to review and evaluate the operation of the fuel adjustment clause ("FAC") of Nolin Rural Electric Cooperative Corporation ("Nolin") for the 2-year period ended October 31, 2006.

As part of this review, the Commission ordered Nolin to submit certain information and an affidavit attesting to its compliance with Administrative Regulation 807 KAR 5:056. Nolin has complied with this Order. The Commission further ordered that a public hearing be held in this case but cancelled it when, after publication of notice, no interested party advised the Commission of its intention to attend.

In its April 1, 2007 Order in Case No. 2006-00472,¹ the Commission authorized a \$19.0 million interim rate increase for East Kentucky Power Cooperative, Inc. ("East Kentucky"), Nolin's power supplier. On April 11, 2007, Nolin filed its revised tariffs reflecting the interim rate increase authorized by the Commission's April 1, 2007 Order

¹ Case No. 2006-00472, General Adjustment of Electric Rates of East Kentucky Power Cooperative, Inc.

in Case No. 2006-00484.² In its June 13, 2007 data request, Commission Staff requested that Nolin provide revised tariffs which reflect the effect of its proposed FAC roll-in upon the interim rates filed on April 11, 2007. Nolin has complied with that request.

The Commission, having considered the evidence of record and being otherwise sufficiently advised, finds that:

1. Nolin has complied in all material respects with the provisions of Administrative Regulation 807 KAR 5:056.

2. East Kentucky, the wholesale supplier of Nolin, has been authorized to transfer (roll-in) a 6.13 mills per kWh increase in the base fuel cost to its base rates.³

3. Nolin should be authorized to transfer (roll-in) a 6.35 mills per kWh increase in its base fuel costs to its base rates to reflect, as adjusted for line loss, the transfer of a 6.13 mills per kWh increase in East Kentucky's current base rates. This transfer can best be accomplished by an energy adder to each kWh sold.

4. The rates and charges in Appendix A are fair, just, and reasonable, and reflect the transfer of fuel costs from the FAC to the base rate.

IT IS THEREFORE ORDERED that:

1. The charges and credits applied by Nolin through the FAC for the period November 1, 2004 to October 31, 2006 are approved.

² Case No. 2006-00484, Application of Nolin Rural Electric Cooperative Corporation to Pass-Through An Increase of Its Wholesale Power Supplier Pursuant to KRS 278.455(2).

³ Case No. 2006-00508, An Examination of the Fuel Adjustment Clause of East Kentucky Power Cooperative, Inc. from November 1, 2004 to October 31, 2006.

2. Nolin is authorized to transfer to base rates those fuel costs (as adjusted for line-loss) rolled in by East Kentucky from its FAC to its base rates.

3. The rates in Appendix A are approved for service rendered by Nolin on and after August 1, 2007, the effective date of East Kentucky's change in rates.

4. Within 20 days of the date of this Order, Nolin shall file with the Commission revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 25th day of July, 2007.

By the Commission

ATTEST:

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke at the end, positioned above the text 'Executive Director'.

Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2006-00521 DATED JULY 25, 2007

The following rates and charges are prescribed for the customers in the area served by Nolin Rural Electric Cooperative Corporation. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

SCHEDULE 1
RESIDENTIAL, FARM, NON-FARM TRAILERS AND MOBILE HOMES

All kWh per kWh \$.07070

SCHEDULE 2
COMMERCIAL, SMALL POWER, SINGLE PHASE AND THREE PHASE

All kWh per kWh \$.07803

SCHEDULE 3
LARGE POWER

| | | | |
|----------|--------------------|----|--------|
| First | 2,500 kWh per kWh | \$ | .06664 |
| Next | 12,500 kWh per kWh | \$ | .06207 |
| All Over | 15,000 kWh per kWh | \$ | .06070 |

SCHEDULE 4
INDUSTRIAL

| | | | |
|----------|-------------------|----|--------|
| First | 3,500 kWh per kWh | \$ | .07026 |
| Next | 6,500 kWh per kWh | \$ | .05714 |
| All Over | 10,000 kWh | \$ | .05373 |

SCHEDULE 5
SECURITY LIGHTS

Monthly Charge:

| | |
|---------------------------------|----------|
| 175 Watt Mercury Vapor | \$ 7.53 |
| 100 Watt High Pressure Sodium | \$ 7.53 |
| 100 Watt Directional Floodlight | \$ 6.67 |
| 250 Watt Directional Floodlight | \$ 11.16 |
| 400 Watt Directional Floodlight | \$ 15.10 |
| 100 Watt Lantern Type | \$ 9.97 |
| 400 Watt Contemporary Type | \$ 16.24 |

SCHEDULE 6
MERCURY VAPOR OR HIGH PRESSURE SODIUM
SERIES OR MULTIPLE

Standard Overhead-Wood Poles:

| | |
|------------------------------|----------|
| 8,500 M.V. Initial Lumens | \$ 3.83 |
| 23,000 M.V. Initial Lumens | \$ 11.15 |
| 9,500 H.P.S. Initial Lumens | \$ 6.05 |
| 27,500 H.P.S. Initial Lumens | \$ 9.09 |
| 50,000 H.P.S. Initial Lumens | \$ 11.84 |

Ornamental Service Overhead (Aluminum Poles):

| | |
|------------------------------|----------|
| 8,500 M.V. Initial Lumens | \$ 4.93 |
| 23,000 M.V. Initial Lumens | \$ 12.32 |
| 9,500 H.P.S. Initial Lumens | \$ 13.91 |
| 27,500 H.P.S. Initial Lumens | \$ 16.38 |
| 50,000 H.P.S. Initial Lumens | \$ 18.63 |

Ornamental Service Underground (Fiberglass Poles):

| | |
|------------------------------|----------|
| 50,000 H.P.S. Initial Lumens | \$ 21.75 |
|------------------------------|----------|

SCHEDULE 7
LARGE INDUSTRIAL

| | |
|-----------------------|-----------|
| Energy Charge per kWh | \$.04903 |
|-----------------------|-----------|

SCHEDULE 8
LARGE INDUSTRIAL - SEASONAL TIME OF DAY

| | |
|-----------------------|-----------|
| Energy Charge per kWh | \$.04903 |
|-----------------------|-----------|

SCHEDULE 9
INDUSTRIAL – 1,000 TO 4,999 KW

Energy Charge per kWh \$.04716

SCHEDULE 10
INDUSTRIAL – 5,000 TO 9,999 KW

Energy Charge per kWh \$.04203

SCHEDULE 11
INDUSTRIAL – OVER 10,000 KW

Energy Charge per kWh \$.04101

SCHEDULE 12
INDUSTRIAL C – 1,000 TO 4,999 KW

Energy Charge per kWh \$.04716

SCHEDULE 13
INDUSTRIAL C – 5,000 TO 9,999 KW

Energy Charge per kWh \$.04203

SCHEDULE 14
INDUSTRIAL C – OVER 10,000 KW

Energy Charge per kWh \$.04101